

In the Matter of American Bank Note Holographics, Inc. (2001)

SEC v. American Bank Note Holographics, Inc. (S.D.N.Y.)

SEC v. Joshua C. Cantor (S.D.N.Y. 2003)

Nature of the Business.

American Bank Note Holographics ("ABNH"), a Delaware corporation, produces and markets mass produced secure holograms. During the relevant period, American Bank Note's common stock was registered pursuant to Section 12(b) of the Exchange Act.

Influence to be Obtained.

According to the SEC, ABNH and Cantor engaged in a pattern of fraud, accounting violations, and FCPA violations such that all of its financial statements "reflected a fraudulent course of conduct." Relating to the FCPA charges, the SEC alleged that in 1998, Cantor, in part, caused ABNH to wire \$239,000 to a bank account in Switzerland "[i]n an effort to win the contract" to produce holograms for the Saudi Arabian government.

Enforcement.

ABNH consented to a \$75,000 civil penalty for violation of the anti bribery provisions of the FCPA. ABNH also consented to an order requiring it to cease and desist from committing or causing any violation, and any future violation, of the FCPA and other accounting controls in the SEC proceeding.

Certain other officers of American Bank Note not directly involved in the FCPA violations settled SEC civil actions against them, consenting to permanent restraining orders prohibiting violations of anti fraud, periodic reporting, recordkeeping, internal controls and lying to auditors provisions of the federal securities laws, and to injunctions suspending them from appearing or practicing before the Commission as accountants.

Two executive officers of an American Bank Note customer, Colorado Plasticard, consented to being permanently restrained and enjoined from violating and aiding and abetting violations of the anti fraud, periodic reporting and lying to auditors provisions of the federal securities laws. The Colorado Plasticard officers each agreed to pay a \$20,000 civil penalty.

In April 2003, Cantor, without admitting or denying the allegations in the SEC's complaint, consented to an order permanently enjoining him from violation and aiding and abetting violations of the FCPA, the Securities Act of 1933, the Securities and Exchange Act of 1934 and the SEC Exchange Act Rules. Cantor also consented to a ten-year ban from acting as an officer or director of a public company.

Key Facts

Citation. *In the Matter of Am. Bank Note Holographics, Inc.*, Admin. Proc. File No. 3 10532 (July 18, 2001); *SEC v. Am. Bank Note Holographics, Inc.*, No. 01 cv-6453 (S.D.N.Y. 2001); *SEC v. Cantor*, No. 03 cv 2488 (S.D.N.Y. 2003).

Date Filed. July 18, 2001 (*In the Matter of Am. Bank Note Holographics*); July 31, 2001 (*SEC v. Am. Bank Note Holographics*); April 11, 2003 (*Cantor*).

Country. Saudi Arabia.

Date of Conduct. 1998.

Amount of the Value. \$239,000.

Amount of Business Related to the Payment. Approximately \$597,500.

Intermediary. Foreign agent.

Foreign Official. Saudi Arabian officials.

Other Statutory Provision.

- **ABNH.** Anti-Fraud and Reporting Provisions of the Exchange Act (Section 10(b), Section 13(a)); Securities Fraud (Securities Act Section 17(a)).
- **Cantor.** Anti-Fraud (Exchange Act Section 10(b)); Securities Fraud (Securities Act Section 17(a)); Aiding and Abetting (Reporting Violations (Exchange Act Section 13(a))).

Disposition. Consent Order and Cease-and-Desist Order (ABNH); Consent Order (Cantor).

Defendant Jurisdictional Basis. Issuer (ABNH); Agent of Issuer (Cantor).

Defendant's Citizenship. United States (ABNH); Not Stated (Cantor).

Total Sanction. \$75,000.

Compliance Monitor/Reporting Requirements. None.

FCPA Statutory Provision.

- **ABNH.** Anti-Bribery; Books-and-Records; Internal Controls.
- **Cantor.** Anti-Bribery; Books-and-Records; Internal Controls; Aiding and Abetting (Books-and-Records; Internal Controls).

Related Enforcement Actions. *United States v. Cantor*, No. 01 cr 687 (S.D.N.Y. 2001).

Total Combined Sanction. \$75,000.